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OFFICE OF GENERAL
COUNSEL

SEP 24 10 59 AM '96

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September 24, 1996

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1830 163 40 66

Lawrence M. Noble, Esq.
General Counsel
Federal Election Commission
999 E Street, NW
Washington, D.C. 20463

ATTN: Colleen T. Sealander, Esq.

Re: MUR 4428

Dear Ms. Sealander:

This office represents the Amway Corporation in the above-referenced matter. On August 9, 1996, the FEC informed Amway that a complaint, filed by the Democratic National Committee ("DNC"), indicated that Amway may have violated the Federal Election Campaign Act of 1971, as amended ("FECA"). This response, pursuant to 11 C.F.R. § 111.6, will correct some misstatements in the DNC's factual account, and demonstrate that the Commission should find no reason to believe that Amway has violated any federal election laws.

DISCUSSION

Amway is a privately-held corporation, founded in 1959 by Rich DeVos and Jay Van Andel, in the basements of their homes in Ada, Michigan. Although Amway's headquarters are still located in Ada, it has manufacturing, warehousing, and office facilities worldwide, employing more than 12,500 people. Amway's Nutralite division has four facilities in Southern California alone, which process raw materials, manufacture, and package Nutralite vitamins and over-the-counter drugs. These four facilities are all within 200 miles of San Diego, and provide over 1000 jobs in the region. See Affidavit of John Gartland(attached).

Amway distributes its products through a network of independent distributors. These distributors are self-employed businesspeople, who contract with Amway for goods

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and services. In the San Diego area, Amway has 166 direct distributors and 15,750 distributors. Affidavit of Gartland. In light of Amway's provision of goods and services to its San Diego distributors, and its status as a regional employer, Amway qualifies as a "local" business as defined in 11 C.F.R. § 9008.52(c)(2).

The DNC asserts that Amway "earmarked" a \$1.32 million contribution to the San Diego Convention and Visitor's Bureau ("CONVIS"), for the purchase of cable television time to broadcast the Republican National Convention. These allegations are not accurate, probably because they are based upon incomplete press accounts of the transaction. In fact, Amway provided the convention's Host Committee with \$1.32 million, for that committee to use in accord with 11 C.F.R. § 9008.52(c).

Amway initially donated \$1.3 million to CONVIS for its media promotion efforts. However, CONVIS cancelled its media plan once the Convention decided to broadcast its own convention coverage. See attachment to Affidavit of Gartland (Letter from H.L. Bert James, August 9, 1996). On the return of those funds, Amway made a donation to the San Diego Host Committee to the Republican National Convention, the duly registered "host committee" for the 1996 Republican National Convention. See attachments to Affidavit of Gartland (Letter from Gerald L. Parsky, August 21, 1996 and wire transfer record); 11 C.F.R. § 9008.51 (requiring registration of Host Committees).

Amway provided a lawful donation to the Host Committee, for it to use in its convention-related promotional activities. As a local business and employer, Amway has a strong interest in the encouragement of commerce in southern California. The DNC has misconveyed the ultimate character of Amway's support. Now that the Commission has a full account, we trust it will conclude that the DNC's allegations are without merit.

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CONCLUSION

We respectfully request that the Commission find no reason to believe that Amway violated any federal election laws with respect to this donation.

Sincerely,


Jan Witold Baran

Encl. Affidavit of John C. Gartland (with attachments)

Affidavit of John C. Gartland

1. My name is John C. Gartland, and I have been employed with Amway Corporation for 17 years. My title is Director of Government Affairs Washington.

2. I am familiar with the operations of Amway Corporation. I am also familiar with the transactions between Amway, the San Diego Convention and Visitors Bureau ("Bureau"), and the Host Committee to the 1996 Republican National Convention.

3. The wire transfer records attached to this Affidavit accurately depict that transaction. They show that Amway donated \$1,320,000 to the San Diego Convention and Visitors Bureau on July 18, 1996. On August 13, 1996, the Bureau returned that donation, and Amway donated the funds to the Host Committee.

4. Correspondence with Mr. H.L. Bert James of the Bureau and with Mr. Gerald L. Parsky of the Host Committee provide additional details about the transaction. On August 9, 1996, Mr. James wrote to Mr. Richard DeVos, Jr., President of Amway, to notify him that Amway's donation was being returned. On August 12, 1996, Mr. DeVos replied with details of how to return the funds, and a statement that the funds would instead be donated to the Host Committee. The letter from Mr. Parsky, dated August 21, 1996, acknowledges Amway's

donation. Copies of these letters are attached to this Affidavit.

5. Amway has a substantial local presence in the San Diego metropolitan area. Based on my knowledge of Amway's distributor network, I can state that Amway has 166 direct distributors and 15,720 total distributors in the San Diego area.

6. Amway's Nutralite Division has four facilities in southern California:

Buena Park: Manufactures and packages food supplements and over the counter drugs
800 employees
100 miles from San Diego

Volume:

Finished Goods Packages: 36 million
Tablets: 4.5 million
Food Bars: 28 million

Lakeview: Process natural concentrates used in Nutralite products.
218 employees
585 acres of crops
108 miles from San Diego

Volume:

Pouches
(Active 8/Positrim): 62 million
Canisters (Protein): 2.5 million
Bulk granulations: 1.5 million kgs.
Plant concentrates: .6 million kgs.

Calipatria: Processes Dunaliella Salina to extract beta-carotene
29 employees
11 acres of crops
180 miles from San Diego

Volume:

Beta-carotene: 1200 kgs. 100%
(This makes about 80,000 kgs. of 2.15% Provatene)

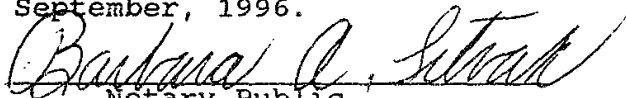
Amcon

(Buena Park): Sales
3 employees (included in Buena Park)
100 miles from San Diego

7. Because of Amway's substantial business in the area, as a supplier of products to Amway distributors, as a manufacturer, and as an employer, Amway benefits from activities that promote the area.


John C. Gartland

Sworn and subscribed to
before me this 24th day of
September, 1996.


Notary Public

My Commission expires: Aug. 14, 1998

MICHIGAN NATIONAL BANK WIRE TRANSFER CREDIT ADVICE

OUTGOING DEBIT

SEQ NO: [REDACTED]

07/18/96

AMOUNT: \$1,320,000.00

REF NO: [REDACTED]

MICH NATL BK /ORG=AMWAY CORP:ADA,MI
SD NATL SD /CTR/BNF=SAN DIEGO CONVENTION BUREAU/AC-[REDACTED] OBI=FOR
SAN DIEGO CONVENTION AND VISITORS BUREAU BBI=SEO-[REDACTED]

AMWAY CORP
7575 EAST FULTON RD
ADA, MI 49355

MICHIGAN NATIONAL BANK WIRE TRANSFER CREDIT ADVICE

INCOMING CREDIT

SEQ NO: [REDACTED]

08/13/96

AMOUNT: \$1,320,000.00

REF NO: [REDACTED]

SD NATL SD /ORG=SD CONVENTION VISITORS BUREAU OGB=401 8 ST 1400 SD 92101
MICH BK DETROIT /CTR/BNF=AMWAY CORPORATION/AC-[REDACTED] FULTON ST EAS
T ADA, MI 49503

AMWAY CORP
ATTN CFA MANAGER FB-1B
7575 EAST FULTON RD
ADA, MI 49355

MICHIGAN NATIONAL BANK WIRE TRANSFER DEBIT ADVICE

OUTGOING DEBIT

SEQ NO: [REDACTED]

08/13/96

AMOUNT: \$1,320,000.00

REF NO: [REDACTED]

MICH NATL BK /ORG=AMWAY CORP:ADA,MI
WELLS SF /CTR/BNF=WELLS FARGO BANK/AC-[REDACTED] BBI=
SEO-[REDACTED]

AMWAY CORP
ATTN CFA MANAGER FB-1B
7575 EAST FULTON RD
ADA, MI 49355



San Diego Convention & Visitors Bureau

401 B Street, Suite 1400, San Diego, CA 92101-4237, Telephone (619) 232-3101, Fax (619) 696-9371

August 9, 1996

Mr. Richard De Vos
President
Amway Corporation
7575 East Fulton
Ada, Michigan 49355

Dear Mr. De Vos:

The Republican National Convention has decided to broadcast its own convention coverage without any commercial interruption. As a result, the San Diego Convention and Visitors Bureau will not pursue its media promotion of the City of San Diego during the 1996 Republican National Convention coverage on the Family Channel.

Since our San Diego media promotion will not occur, we are returning your donation unless you advise us otherwise.

Although our media plan was not implemented, we appreciate the confidence and support you have shown for our promotional effort.

Sincerely,

H. L. Bert James
Chairman of the Board

HLBJ/bmn
cc: Reint Reinders

AMWAY





Amway Corporation, 7575 Fulton Street, East, Ada, Michigan 49355-0001

Dick DeVos
President

August 12, 1996

H.L. Bert James
San Diego Convention & Visitors Bureau
401 B Street, Suite 1400
San Diego, CA 92101-4237

Dear Mr. James:

Thank you for the letter indicating that the San Diego Convention Center & Visitors Bureau ("CONVIS") will not be pursuing its media promotion of San Diego during the 1996 Republican National Convention and no longer is in need of our donation. Amway Corporation, therefore, asks that CONVIS return the full amount of the contribution to Amway Corporation. Please wire transfer the funds as follows:

Pay Michigan National Bank
Grand Rapids, MI
ABA # [REDACTED]
Favor Amway Corporation
A/C # [REDACTED]

It is Amway Corporation's present intention to contribute \$1.3 million directly to the San Diego Host Committee to the Republican National Convention, "Sail to San Diego". Of course, this contribution to the Host Committee shall be used for appropriate convention related activities.

Sincerely,

Dick DeVos
President

Chairman
Gerald L. Parsky

Vice Chairman
Katherine E. Boyd
Donald L. Breen
Mallin Burnham
Ward Connerly
Lodwrick M. Cook
Stephen Cashman
Kenneth T. Dorr
Glen A. Hoiden
Gary Hunt

Executive Director
Jack Ford

Sail to San Diego 1996

Vice Chairman
Darrell Issa
Howard Leach
David H. Murdock
Ken Reitz
Terry Semel
Alex G. Spanou
Thomas W. Weisel
Jerry Weintraub

Finance Chairman
Frederick M. Bush

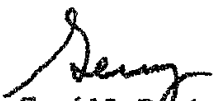
August 21, 1996

Mr. John Gartland
Amway Corporation
Ada, Michigan 49355

Dear John:

Thank you very much for Amway Corporation's contribution of \$1,320,000 to the San Diego Host Committee. We are very proud to have hosted this event, and we are grateful to you for your support.

Best personal regards,


Gerald L. Parsky
Chairman

San Diego Host Committee
1996 Republican National Convention

GLP:cjw